

# INCEPTION OF PCNC

- 1995 – Comprehensive Tax Reform Program of the government (DOF-BIR): donor's benefits of deductibility of donations and donor's tax exemption would have been eliminated
- 1995 – The Department of Finance (DoF) challenged the NGO community
- Jan.1997 – PCNC was registered with the Securities and Exchange Commission (SEC) as a non-stock, non-profit organization by six (6) networks of NGOs:
  - Association of Foundations; Bishops-Businessmen's Conference – Human Development; CODE-NGO; League of Corporate Foundations; National Council for Social Development; Philippine Business for Social Progress

# INCEPTION OF PCNC

- Feb. 1998 – Memorandum Of Agreement (MOA) with the Dept. of Finance was signed authorizing PCNC to:
  - certify NGOs applying for donee institution status with Revenue Regulations No. 13-98
- Feb. 1999 – PCNC was publicly launched

# DONEE STATUS

**Non-stock, non-profit institutions that can receive tax-deductible and tax-exempt contributions under the tax law:**

- Limited tax deductibility – 10% for donor individuals & 5% for donor corporations of their gross incomes
- Full tax deductibility &
- Donor's tax exemption

# ELIGIBLE NGOs

- Non-stock, Non-profit Domestic Corp. & Ass'ns organized under Phil. Laws and operated exclusively for any or a combination of the following purposes:

Type of Main Program	
Social Welfare	Scientific Research
Charitable	Religious
Rehab of Veterans	Educational
Youth & Sports Dev	Cultural
Athletic	Health

# 4 Important Provisions for Non-Stock, Non-Profit Organizations

**Articles of Incorporation approved by SEC must have the following provisions:**

- “That in the event of dissolution, the existing assets of (*name of NGO*) will be passed on to:
  - another accredited NGO or organization of similar purpose/s
  - **or** to the State for public purpose/s
  - **or** would be distributed by a competent court of justice to another accredited NGO to be used as per judgment of said court

# 4 Important Provisions for Non-Stock, Non-Profit Organizations

**Articles of Incorporation approved by SEC must have the following provisions:**

- That no part of the net income or asset of the corporation shall belong to or inure to the benefit of any member, organizer, officer or any specific person
- “Members of the Board NOT receiving any compensation



# 4 Important Provisions for Non-Stock, Non-Profit Organizations

**Articles of Incorporation approved by SEC must have the following provisions:**

- “the level of administrative expenses not exceeding 30% of the total:
  - donations received
  - total expenses for the taxable year”

# BEYOND DONEE STATUS

## VISION - 2009

**A Filipino nation blessed with a culture of giving:**

- **Matched by responsible stewardship within the NGO community and thus:**
  - Sought by donors
  - Recognized by government;
  - Treasured by its members



# BEYOND DONEE STATUS

## MISSION – 2009

**To Improve the effectiveness of Philippine NGOs so that they become increasingly:**

- Accountable, credible and capable in providing services to those in need
- Instrumental in creating a culture of giving

# STRATEGIC THRUSTS

2010-14

- Certification process that triggers an NGO's path to improved efficiency and effectiveness
- Source of data in formulating NGO networks' capacity building initiatives
- Continuing synergistic partnership between the public and private sectors

# PCNC CERTIFICATION PROCESS

- Submission of Letter of Intent
- Compliance with documentary requirements
- Scheduling of visit of volunteer peer evaluators
- Conduct of assessment visit using standards and indicators devised by PCNC
- Preparation of evaluation report which could lead to as follows:
  - Compliance with urgent recommendations
  - Submission for Board Deliberation

# PCNC CERTIFICATION PROCESS

- Deliberation by the PCNC Board
- Depending on the results of Board Deliberation:
  - Deferment of approval
    - Compliance with additional Board Recommendations
    - Submission of additional documentations
  - Approval (one, three or five year certification)
  - Denial of application for certification
- Endorsement to BIR for the donee institution status

# AREAS OF STANDARDS

- **Vision, Mission, Goals**
- **Governance**
- **Internal Management**
- **Program Operations**
- **Financial Management**
- **Collaborative Linkages**

# Expanded Focus of Assessment

- PCNC expanded its focus in the assessment of NGOs to ensure that standards and indicators will effectively:
  - assess legitimacy and transparency
  - measure the accountability, credibility and capability of NGOs



# VISION, MISSION & GOALS

## Previous Focus:

- Definition and achievement of purpose

## Additional Focus:

- Common understanding of the purpose of the organization by the stakeholders
- Improvements in the lives of the target sector/beneficiaries

# GOVERNANCE

## Previous Focus

- Active participation of the Board in setting directions and policy making

## Additional Focus

- Participation of the Board in the review of program outcomes and financial performance of the organization
- Checks and balances within the Board

# INTERNAL MANAGEMENT

## **Previous Focus:**

- Design and implementation of administrative guidelines or policies & procedures

## **Additional Focus:**

- Compliance with labor and other laws pertinent to NGOs
- Active participation of staff in decision-making

# PROGRAM OPERATIONS

## Previous Focus

- Planning, implementation and evaluation

## Additional Focus

- Degree to which program objectives are:
  - Achieved
  - Shared with stakeholders

# FINANCIAL MANAGEMENT

## Previous Focus

- Generation and judicious use of resources

## Additional Focus

- Transparency of financial operations
- Checks and balances
- Financial sustainability

# COLLABORATIVE LINKAGES

## Previous Focus

- Partnerships with other organizations and different sectors, for complementation of resources and expansion of reach

## Additional Focus

- Sharing of best practices with other NGOs and learning from one another



# MOST COMMON NGO DEFICIENCIES

- Inactive Board
- Vague Vision, Mission and Goals
- Non-Compliance with legal requirements
- Lack of Documentation
- Inadequate financial internal control systems
- Lack of program operating guidelines
- Lack of financial sustainability of usually small  
NGOs

# PCNC ACCOMPLISHMENT

1. Assessed about 1,500 NGOs, of which about 1,170 were certified
2. Trained more than 1,500 evaluators
3. Partnership with concerned government agencies and NGO networks and assns
4. Continuing development of the standards used and the certification process
5. Sourcing of funds and technical assistance

# EOs 671 & 720

- Oct. 2007 – Executive Order (EO) 671 from the (Office of the President) was issued, divesting PCNC of its mandate to certify NGOs for donee institution status
- Apr. 2008 – EO 720 was issued superseding EO 671. Only NGOs registered with appropriate government line agency could be processed by PCNC for donee status certification

# Moving Forward in 2011-12

- Finalization of the enhanced standards and indicators
- Conclusion of the pilot test of the self-evaluation system
- Training of small NGOs and Coaches/ Mentors along the Standards of PCNC
- Installation of the expanded data base system

# SALAMAT PO